

20 July 2022

MEMORANDUM FOR: The Honorable Martin Glenn

FROM: Jason G. Pukalo

SUBJECT: Loss of confidence in Celsius Network

1. I have been a customer of Celsius Network since 2020. I am one of the many customers affected by these proceedings with a large portion of my savings and am writing this letter to help shed some light on the operations from my perspective.
2. I initially signed up with Celsius due to the advertised fact that you could earn interest in crypto with minimal risk through over-collateralized loans. It has become apparent that this business model evolved over time and is currently not the case. The advertising campaigns, weekly AMAs, website, and interviews all are adamant that our funds are used in over-collateralized loans to generate yield for the depositors. Celsius has failed to properly disclose the investments they were making with our funds to generate yield, and as it turns out, they were not purely using over-collateralized loans to generate income.
3. Additionally, beginning on 13 June 2022, I was stonewalled into having a loan with Celsius liquidated. This was primarily due to Celsius freezing transfers which took away all ability for users to manage their loans on their own. This forced users to rely on their support team, which was not able to react in time. Celsius froze transfers on 12 June 2022 and directed customers to contact support in order to resolve a margin call, advertising a 24-48 hour response time. On 13 June 2022, I received notification of a margin call and e-mailed support attempted to call their customer support line only to sit on hold for 4 hours only to be hung up on. My loan was liquidated on 18 June 2022. The first time I heard back from Celsius regarding this matter was 21 June, 8 days after initial contact, saying nothing can be done about it now. I requested a refund of the liquidation fee to show a sign of good faith to the customers only to be ignored again.
4. On 21 June, due to my lack of accredited investor status, I requested all my funds to be moved to their respective custody accounts. I have yet to hear back on this request.
5. In conclusion, my experience with Celsius Network has destroyed my confidence in their leadership's ability to effectively run a financial company. The Terms of Use is a two way street in which Celsius did not uphold their end of the terms by: Outright lying and misleading customers; failing to disclose critical investments risk profile information; Abysmal customer support. The only way to begin to restore my confidence and trust in Celsius to continue operations would be under new leadership and management.

Respectfully,



The image shows a handwritten signature in black ink, appearing to read "J G Pukalo".

Jason G. Pukalo

Attachments:

1. e-mail correspondence between myself and Celsius Network regarding my loan liquidation.

From: Jason Pukalo jaspukalo@gmail.com
Subject: Re: [Celsius Network] Re: [Celsius] Action Required - Resolve
Margin Call for Loan #144367
Date: Jun 23, 2022 at 19:19:21
To: Celsius Network loans@celsius.network

Thats great and all but it does not change the fact that celsius removed my ability to manage my loan & Celsius was unable to respond in a timely manner.

Please understand you froze all of my assets then & did not honor any of your advertised response times. I followed directions posted by Celsius & received no timely response. Your response time was well past the 24-48 hours as advertised (it was roughly 5 days). On top of all of this I was charged a 0.06238943 BTC service fee (~\$1.1k at the time), while Celsius has failed to uphold their promises & timeline.

At the very least do demonstrate good faith, the service fee 0.06238943 BTC should be refunded to my wallet.

Cheers,
Jason Pukalo

On Jun 21, 2022, at 05:52, Celsius Network <loans@celsius.network> wrote:

##- Please type your reply above this line -##

Your request ([#1011870](#)) has been updated. To add additional comments, reply to this email.



Customer Care Expert (Celsius Network)

Jun 21, 2022, 10:52 UTC

Hello Jason,

Thank you for your reply.

As I am sure you can understand given the recent happenings in the market, we have had a huge influx of emails and calls coming in.

We have done and will continue to do our absolute best to respond to all communications from our users as quickly and efficiently as possible.

We do understand that the recently implemented pause on withdrawals, swaps, and transfers has been difficult for our entire community and that it may raise certain concerns even with our most loyal Celsiusians.

However, we would like to use this opportunity to point out that these necessary measures were, in fact, implemented to stabilize liquidity and operations and thus protect our community members.

Please be informed that our ultimate objective is to restore withdrawals, swaps, and transfers as quickly as possible.

This process will take time, and there may be a delay.

As always, and in the good spirit of Celsius, we will continue to share more information on this important event as it becomes available.

In the meantime, all our users will continue to accrue weekly rewards during this pause, in line with our commitments to our community.

We are grateful for your loyalty and ongoing support, as we know that this is not an easy situation for you and many other users.

Please keep in mind that Celsius is still on its mission to provide financial freedom to all its community members, and all our actions are motivated by this.

Should you have any other questions, please don't hesitate to reconnect with us and we will be happy to assist.

Wishing you a great day ahead and thank you for being a part of our community!

For additional assistance, please reply to this email or simply call us at 1-866-HODL-NOW (1-866-463-5669). We are looking forward to your call!

Best regards and HODL on!

Read our FAQs and learn more from our Help Center <https://support.celsius.network/hc/en-us>



Jason Pukalo

Jun 21, 2022, 06:32 UTC

No, it was not a function of the price crash. I first contacted Celsius on 13 Jun regarding this matter. There was plenty of time for me to respond, it was CELSIUS customer support taking 5 days to get back to me that led to the liquidation, as well as all transfers and withdrawals being frozen.

So I ASK AGAIN, what is Celsius going to do to make this right?

I believe the service fee on the liquidation should be refunded & all my funds moved into their respective custody wallets.

Cheers,
Jason Pukalo



Customer Care Expert (Celsius Network)

Jun 20, 2022, 14:17 UTC

Hello Jason,

Thank you for connecting with Celsius Customer Care.

Your loan **144367** was liquidated on **06/18/2022** with an LTV of **81.10%**.

As per the [loan Terms and Conditions](#), we needed to liquidate your loan because the LTV increased to such a high level.

We try to provide as much time as possible in all situations, but this was a function of the price crash.

We do apologize that it happened without much time for action from your end.

Unfortunately, there isn't a way for this to be reversed.

Should you have any other questions, please don't hesitate to reconnect with us and we will be happy to assist.

Wishing you a great day ahead and thank you for being a part of our community!

For additional assistance, please reply to this email or simply call us at 1-866-HODL-NOW (1-866-463-5669). We are looking forward to your call!

Best regards and HODL on!

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Jason Pukalo

Jun 18, 2022, 12:19 UTC

Celsius,

I have contacted support multiple times over these past few days In order to resolve the margin call on my loan with NO RESPONSE IN 5

days.

Contacting customer support was what you told us to do in order to resolve a margin call. Yet you did not follow through on your end.

You blocked transactions, failed to respond & now my loan has been liquidated, because you BLOCKED TRANSACTIONS & failed to respond.

To make this right, I demand to be refunded 0.1079269 BTC (the price of interest + the operational cost of liquidation.

Additionally, i want all of my funds moved from my Earn wallets moved to their respective Custody accounts.

Cheers,
Jason Pukalo

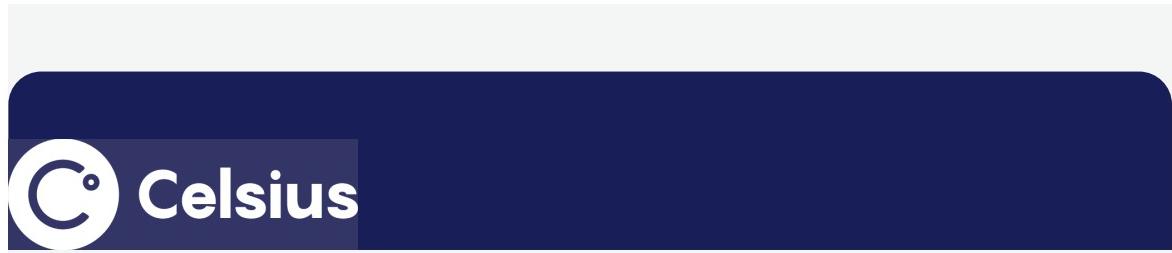
On Jun 13, 2022, at 10:04, Jason Pukalo <jaspukalo@gmail.com> wrote:

Celsius,

How am I supposed to resolve this margin call if you have transfers blocked?

Cheers,
Jason Pukalo

On Jun 13, 2022, at 04:20, Celsius <app@celsius.network> wrote:



Action Required - Resolve Margin Call for Loan #144367

Dear Jason Pukalo,

The LTV for your active loan [#144367](#) has reached 65.00% and a margin call has been issued. Your current LTV is 65.04%, to keep your loan active and avoid liquidation, you must resolve the margin call by adding enough collateral to rebalance the LTV back to the contracted rate of 50.00%.

Below is an overview of your loan details and the amount of crypto you need to add to resolve the margin call:

Due Date: June 14, 2022 11:20 AM (UTC)

Collateral Amount Due: 0.75436279 BTC

** The amount is an estimate and may fluctuate based on the actual value at the time the digital currency is locked.*

Loan Number: 144367

Loan Amount: 39,000 GUSD

APR: 8.95%

Origination Date: March 15, 2022 4:10 PM

Maturity Date: March 15, 2027 12:00 AM

Current Collateral Balance: 2.50800704 BTC

Contract LTV: 50.00%

Current LTV: 65.04%

Margin Call LTV trigger: 65.00%

Liquidation LTV trigger: 80.00%

According to the loan Terms and Agreement, if a margin call is not resolved within 24 hours and/or if your loan LTV reaches 80.00% or more, Celsius may have to liquidate your collateral to cover the principal loan amount. There is a 3% operational charge for the liquidation of collateral.

If you have any questions or require additional assistance, please contact loans@celsius.network.

Additional Margin Call Resources:

[Margin Call Management](#)

[Margin Call FAQs](#)

[Tutorial - How To Resolve a Margin Call](#)

Celsius Network LLC

121 River St, PH05
Hoboken, NJ 07030
USA

Celsius EU UAB

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Celsius Network Limited

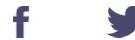
The Harley Building,
77-79 New Cavendish

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United Kingdom

© Celsius 2022



Jason Pukalo

Jun 18, 2022, 12:12 UTC

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Jason Pukalo

Jun 13, 2022, 22:55 UTC

Celsius,

I can not currently resolve my margin call because YOU HAVE FROZEN ALL TRANSFERS. Is there an "get well" time for transfers to be working again?

1 of 2 things needs to happen for Celsius to make this right:

1. I have more than enough collateral in my account to cover the margin call, Celsius needs to allow a transfer for me to cover the margin call.

or

2. Celsius removes or extends my margin call to no earlier than 24 hours after transfers resume.

I do not feel like either of those 2 options are unreasonable & in fact would be acting in the best interest of the community. Due to the 24 hour time restriction of the margin call, this needs to be handled in a prompt manner.

Cheers,
Jason Pukalo